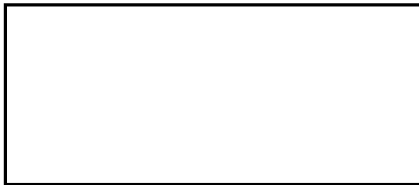


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3 October 1960

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# CENTRAL INTELLIGENCE BULLETIN



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## CENTRAL INTELLIGENCE BULLETIN

3 October 1960

### DAILY BRIEF

#### I. THE COMMUNIST BLOC

Communist China: Communist China has used its 1 October National Day celebrations to rebut criticism that China is belligerent and to make a show of "socialist unity." Underlying these themes, however, current propaganda makes clear that Peiping continues to adhere to hard-line positions in its dispute with Moscow. The absence from the Peiping celebrations of high-ranking personalities from any bloc country except Albania points up continuing Soviet efforts to isolate the Chinese. Peiping confined its comments on the domestic economy to complaints about bad weather for agriculture. OK

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#### II. ASIA-AFRICA

Jordan-Iraq-UAR: Mutual Jordanian-Iraqi resentment of UAR subversive activities against the regimes of King Husayn and Qasim probably is the most important reason for Jordan's recognition on 1 October of Qasim's revolutionary government. The two countries now may cooperate in efforts to reduce Nasir's influence and strength in the Middle East, particularly by supporting secessionist tendencies in the Syrian region of the UAR. The reported Iraqi denunciation of the murder of King Faysal, Iraq's former ruler and Husayn's cousin, in the revolution of July 1958 satisfies the main prerequisite demanded by Husayn for a rapprochement. no

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OK

[Laos: Laotian Army commanders representing the rival Vientiane and Savannakhet camps are beginning to cooperate in certain spheres, but these tentative steps toward reunification of the army command may be quickly undone by Premier Souvanna's reported order calling for dismissal of General Phoumi and 26 other officers. A tenuous cease-fire between the Vientiane and Savannakhet forces in the Paksane area has apparently been arranged in belated implementation of the agreement reached in Luang Prabang on 28 September. The Communist Pathet Lao, meanwhile, has announced readiness to enter into immediate negotiations with the Souvanna government.]

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DAILY BRIEF

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### III. THE WEST

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25X1 [Berlin: Bonn appears to be waiting for East German re-  
actions to its 30 September denunciation of the 1961 interzonal  
trade agreement before deciding what actual steps will be  
taken against interzonal trade shipments. Bonn and West Ber-  
lin authorities are considering one plan whereby, if a new pact  
is negotiated, all interzonal trade shipments would funnel  
through West Berlin, thereby making it difficult for the East  
Germans to tamper with Berlin access without disrupting their  
own imports from the Federal Republic. East German officials,  
although obviously prepared for the denunciation of the trade  
agreement, treated the affair cautiously, probably in order to  
determine exactly what sanctions would be imposed. East Ger-  
man controls over access to Berlin remain in force, and on 30  
September East Germany announced that visitors to the West  
Berlin exclave of Steinstuecken, which is completely surrounded  
by East Berlin territory, would henceforth need East German  
residence permits. (Page 6)]

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25X1 [Britain: British Labor party leader Hugh Gaitskell still  
faces an uphill fight to defeat an uncompromising nuclear  
disarmament position at the party's annual conference from  
3 to 7 October. Despite recent indications that he has gained  
the support of some small trade unions as well as of several  
local Labor party branches, the left-wing resolution sponsored  
by the transport workers' Frank Cousins still appears to com-  
mand a majority of votes from trade union and constituency  
delegations. Even if Gaitskell ekes out a narrow victory, his  
hold on the leadership will continue to be precarious. (Page 7)]

o/k

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### Chinese Communist National Day Celebrations

Communist China has used its 1 October National Day celebrations to rebut criticism that China is belligerent. A principal theme of the celebrations has been China's adherence to peaceful coexistence, and Peiping is saying that the Sino-Burmese boundary treaty--signed on 1 October by Prime Minister U Nu and Premier Chou En-lai--is proof of its intentions. Possibly for the same reason, Peiping eliminated its usual military parade.

The Chinese have also attempted to gloss over current Sino-Soviet differences by emphasizing "socialist unity" in their 1 October propaganda, but they continue to adhere to hard-line positions in the dispute. At a public lecture on ideology in Moscow on 29 September--two days before the Peiping celebration--the speaker identified the Chinese as "dogmatists" and asserted they should engage in self-criticism and admission of error. Ambassador Thompson speculates that this public labeling of the Chinese may foreshadow a sharper stage in the quarrel.

The absence from the Peiping celebrations of high-ranking personalities from any bloc country except Albania points up continuing Soviet efforts to isolate Peiping. The celebrations apparently were snubbed by Polish Premier Cyrankiewicz, who was scheduled to complete a visit to Ceylon on 30 September and could easily have arrived in Peiping in time for the festivities. Albanian party leader Hoxha's 30 September speech in Tirana endorsed several Chinese positions in contrast to East German Premier Grotewohl's restatement of his regime's "correct" position in the dispute.

Peiping confined its comments on the domestic scene to complaints that agriculture has suffered the most serious "natural calamities" since the regime came to power, but said that the communes had minimized the damage to crops. Although there is no evidence that industrial plans--which schedule a 29-percent increase in value of industrial production as against a 40-percent increase achieved in 1959--have bogged down, Peiping continued silent on the performance of the economy in 1960.

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The Situation in Laos:

The American Embassy in Vientiane reports indications that Laotian Army commanders representing the Souvanna Phouma government and the Savannakhet Revolutionary Committee are beginning to carry out their pledge, given to the King in Luang Prabang on 28 September, to work toward the reunification of the army command structure and to present a common front toward the Pathet Lao.

Progress in this direction seems especially noticeable in the Second Military Region, which has jurisdiction over Sam Neua and Xieng Khouang provinces. Following the ouster of the pro-Savannakhet commander of that region on 28 September by his subordinate in Xieng Khouang, both sides apparently agreed to install General Amkha, who had been acting as Vientiane garrison commander, as temporary commander of the Second Military Region. He was ordered to launch a united effort, involving both pro-Vientiane and pro-Savannakhet elements, against the Pathet Lao in Sam Neua. According to press reports, the pro-Savannakhet garrison which abandoned Sam Neua town on 28 September and subsequently established itself at Muong Peun has declared its loyalty to Vientiane. It is presumably at Amkha's disposal for whatever action he chooses to take.

The actual military situation in Sam Neua remains obscure. The embassy reports no indications of any fighting after 28 September. Pathet Lao propaganda has hailed the "liberation" of Sam Neua town from the "traitorous" Savannakhet group. Pathet Lao guerrilla units may be in control of the town, although the area is nominally under the Souvanna government.

Tentative progress toward reunification of the army command structure could be quickly undone by Premier Souvanna's order calling for dismissal from the army of General Phoumi and 26 other pro-Savannakhet officers. This order is a follow-up of a previous warning issued by Vientiane that all officers must declare their loyalty to the Souvanna government by 30 September. The order now is before the King for signature.

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[Souvanna probably does not expect the King to sign it and in all likelihood took this action merely as a tactical ploy; however, Phoumi may consider the order a grave personal affront and in any case might seize upon it as an excuse to end further efforts at a compromise.

Vientiane and Savannakhet forces facing each other east of Paksane appear finally to have ceased fighting, in belated implementation of the agreement reached at Luang Prabang. The cease-fire could prove short-lived, however, inasmuch as the Vientiane forces in the area may be more responsive to Captian Kong Le's orders than to those of the nominal high command.

The Neo Lao Hak Sat (NLHS)--the Pathet Lao's legal political front--on 1 October announced its readiness to enter into immediate negotiations with the Souvanna government, professing itself satisfied that the Vientiane government had purged itself of representatives of the "traitor" Phoumi. The Communists apparently now feel themselves in a strong position to extract major concessions from Souvanna or, failing this, to gain representation in the forthcoming political talks under the King's aegis. They may even harbor the hope that NLHS leader Prince Souphannouvong will be included in the new government of national unity which the King is trying to promote. Willingness to entertain this possibility has in recent days been variously ascribed to all of the major participants in the current conflict, including Phoumi. [REDACTED]

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Future of German Interzonal Trade Still Uncertain

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The Bonn government is apparently awaiting East German reactions to its 30 September renunciation of the 1961 interzonal trade agreement before deciding on specific steps to take against interzonal shipments. The cabinet--meeting on 30 September with the unprecedented attendance of opposition Socialist leaders, including West Berlin Mayor Brandt--made no decision on whether a new agreement with East Germany would be negotiated in the face of continued Communist harassment of West Berlin, or whether any moves would be made against interzonal shipments during the rest of 1960; it even recognized the possibility that interzonal trade could continue after 31 December 1960 in the absence of a new pact.

Bonn and West Berlin authorities are considering a plan designed to enhance West Berlin's position. If a new pact is negotiated, all interzonal trade shipments to East Germany would go through West Berlin, thereby making it difficult for the East Germans to tamper with Berlin access routes without blocking their own imports--including vital iron and steel shipments--from the Federal Republic. Berlin officials, moreover, have suggested that West German exports to the USSR and other bloc states could also be sent via West Berlin. Bonn hinted publicly that the deteriorating Berlin situation may have a deleterious effect on Soviet-West German trade negotiations which are scheduled to begin late this month.

On 30 September, while maintaining that intra-German trade should continue as "the last tie in relations" between the two states, East German Foreign Trade Minister Heinrich Rau charged that Bonn's action was part of the Federal Republic's aggressive policy toward East Germany, and warned that West Germany would be held responsible for the consequences. Rau denied any connection between the questions of access to Berlin and trade, and rejected allegations that the four-power agreement governing Berlin had been violated, since "Berlin is no longer under four-power control."

Emphasis was added to Rau's statement that night when it was announced that henceforth visitors to the West Berlin exclave of Steinstücken--completely surrounded by East German territory--would be required to apply for East German residence permits. This move constitutes the first East German harassment of West Berlin residents since the beginning of the month-long campaign against West German access to Berlin.

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British Labor Party's Defense Policy Faces Stiff Fight at  
Party Conference

Hugh Gaitskell, leader of Britain's Labor party, still faces an uphill fight to defeat an uncompromising nuclear disarmament resolution sponsored by the left-wing transport workers' Frank Cousins at the party's annual conference from 3 to 7 October, despite recent indication that some small trade unions and several local party branches now plan to switch their support to Gaitskell. The left-wing position still appears to command a majority of votes from the trade unions and the constituency delegations. Cousins' statement on 2 October that his resolution means unilateral British disarmament--a description he has until now refused to concede--may gain for him additional support from extreme left-wingers.

Since the Trades Union Congress meeting early last month when delegates endorsed both the official defense statement and the Cousins' resolution--the later by a much larger margin--several moderate Labor members of Parliament, previously inclined to maintain a public silence on the issue, have spoken up in favor of the official policy, which rejects an independent British nuclear deterrent but supports an American deterrent under NATO control. However, some of the party leaders have done little to strengthen Gaitskell's position. George Brown, Labor's parliamentary spokesman on defense matters and the chief drafter of the official policy, has spent most of his efforts in an unsuccessful attempt to reach a pre-conference accommodation with Cousins. Harold Wilson, Gaitskell's runner-up as party leader, continues to maintain his equivocal stand on the issue.

Even if Gaitskell is able to eke out a narrow victory at the conference, his hold on the party leadership will continue to be precarious. The degeneration of the Labor party since the general elections last fall has persuaded many moderate Laborites that inept leadership has been a major factor in the party's decline. The strength of this sentiment will be tested next month when Parliament reconvenes and Labor members of Parliament cast their annual votes for the party leaders. [REDACTED]

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[REDACTED]

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